



## How Much Longer Before the Bitcoin Bubble Pops?

### Description

As was [previously discussed](#), the adventures of Bitcoin are nothing new. Just as we've seen with "hot stocks" in the past, the story is expected to end similar to a roller-coaster ride — with a lot of screaming, a few tears, and with almost all participants getting off the ride feeling a little dazed. Things will not end very well for investors, but rest assured, the amusement park will still be there next year.

Over the past few days, investors have seen their holdings move substantially lower as the price of Bitcoin approached US\$9,500 per coin only to recover to almost US\$12,000, as the excitement to buy and sell (speculate) has taken over the currency. Unfortunately for many investors who have chosen to place their money in Bitcoin or other cryptocurrencies, the result has been far different than expected (when buying currency).

Typically for investors who purchase currencies, it is most often done in an effort to reduce risk and to potentially conserve purchasing power. Cryptocurrencies, however, have risen in value in such a substantial manner that it has attracted traders to the market who are prepared to move the currency in either direction in the hopes to make a profit. Remember: for traders, volatility is a good thing.

Going back to the technology bubble of 2000, it took approximately one month for the NASDAQ to lose 25% of its value (once it peaked at 5,000 points), and then it proceeded to do very little in the month that followed.

Looking to the currency space, investors need to keep calm and remember that during the euphoria of 2000, many made a lot of money very quickly, and then went on the increase their leverage only to see the market collapse in the weeks or months that followed. Bitcoin will be no different.

As was the case for the most established companies, such as **Microsoft Corporation** ([NASDAQ:MSFT](#)) and **Amazon, Inc.** ([NASDAQ:AMZN](#)) in the United States, and companies such as **Descartes Systems Group Inc.** ([TSX:DSG](#))([NASDAQ:DSGX](#)) in Canada, the share price declines were massive, yet the companies did [not go out of business](#). In many cases, it took a decade or so for shares to recover and the internet to regain its popularity.

The main positive that came out of the technology bubble euphoria was a building of infrastructure (for

the internet) and an increase in main street awareness that was sorely lacking for the industry. In the case of the technology bubble, the molasses eventually melted and started to flow once again — it just took a really long time.

When evaluating the cryptocurrency situation, we are clearly in uncharted territories with very little history to work off of. The expectation of a three-week window for cryptocurrency (or Bitcoin) to crash is probably the best estimate we can make. From there, it may take a long time before love returns to the sector.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:DSGX (Descartes Systems Group)
3. NASDAQ:MSFT (Microsoft Corporation)
4. TSX:DSG (The Descartes Systems Group Inc)

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